Manitoba

# Quarterly Financial Report

Hon. Greg Selinger – Minister of Finance

Six Months - April - September, 2007

# PROVINCE OF MANITOBA

## 2007/08 QUARTERLY FINANCIAL REPORT
## APRIL TO SEPTEMBER 2007

### NOTES TO THE QUARTERLY FINANCIAL REPORT

Budget 2007 is the first Summary Budget produced by the Government of Manitoba that aligns with the accounting standards set by the Public Sector Accounting Board (PSAB), which require provincial governments to report on the broader definition of government. It consolidates the budget plan for core government with projections for all Crown organizations, regional health authorities, hospitals, colleges, universities and school divisions in the province to fully reflect Generally Accepted Accounting Principles (GAAP). The consolidation of these entities and core government is the Government Reporting Entity (GRE).

The transition to Summary Budgeting and Reporting requires not only that the annual budget and financial statements (public accounts) be tabled on a summary basis, but that all financial reporting, including quarterly reporting, must be transitioned to represent the GRE. In addition, quarterly reporting must also be made consistent with GAAP. As noted in the 2007 Budget, the government's quarterly financial reporting will remain largely unchanged for 2007/08. In 2008/09, appropriate changes will be introduced and the transformation of quarterly reporting will be completed by the end of 2009/10.

Consistent with the transition plan, this report presents an updated 2007/08 year-end forecast for the GRE consolidating information from entities directly and indirectly controlled by government, such as universities, public schools and government business enterprises. However as outlined in Budget 2007, the existing relationship between the government and the related entities does not change. The normal governance relationships between the government and these entities, and between the entities and their Boards and stakeholders, are not affected by the financial reporting process, other than that the entities must provide financial information to the government on a regular basis.

As in prior quarterly reports, the report also presents the unaudited financial results of the core government for the second quarter of the 2007/08 fiscal year. The core government figures are based on the structure established in the Estimates of Expenditure and Revenue for the fiscal year ending March 31, 2008. The comparative data provided for the 2006/07 fiscal year has been restated to reflect the current structure.

## GOVERNMENT REPORTING ENTITY

### YEAR END PROJECTION

Summary net income for the government reporting entity is currently projected to be $298.0 million, $123.2 million higher than the $174.8 million forecast in the 2007 Budget. The increase is primarily the result of higher projected net income from Government's other reporting entities, most notably Manitoba Hydro and Manitoba Agricultural Services Corporation.

The core government continues to project revenues exceeding expenditures. The projected net result for the year is $75.3 million, down $0.7 million from the 2007 Budget, before budgeted transfers to the Debt Retirement Fund of $110.5 million and $37.0 million from the Fiscal Stabilization Fund for wait time initiatives.

Core government revenues are forecast to be $159.0 million higher than budget, primarily from updated projections for taxation revenues. Individual income taxes are up $119.7 million as a result of higher income projections, corporation income taxes are up $42.2 million based on revised estimates from Canada and retail sales tax has increased $40.0 million as Manitoba's economy continues to be strong. Partially offsetting these increases is a reduction of $45.6 million in Government of Canada revenue as a result of slower than anticipated resolution of the agreement for infrastructure renewal funding.

Core government expenditures are forecast to be $160.0 million higher than budget. This forecast includes a projection of $43.0 million for additional payments to livestock producers under the Canadian Agriculture Income Stabilization Program as the result of declines in livestock prices and higher feed prices, $40.0 million to fulfill the previously announced commitment for the Canadian Museum for Human Rights and $8.3 million for emergency expenditures, primarily related to 2007 forest fire suppression activities. As well, cost pressures continue to exist in health care for Regional Health Authorities' operations and medical remuneration, in family services programming related to child protection and in the Department of Justice to address increasing costs in corrections. Efforts have been implemented to manage discretionary expenditures in the second half of the fiscal year to ease the pressure. An update on the province's financial position will be provided in the third quarter report.

**PROJECTION OF NET INCOME**
**FOR THE YEAR ENDED MARCH 31, 2008**

(UNAUDITED)
($millions)

| | 2007/08 FORECAST | | | 2007/08 BUDGET | | |
|---|---|---|---|---|---|---|
| | CORE GOVERNMENT | OTHER REPORTING ENTITIES [1] | SUMMARY | CORE GOVERNMENT | OTHER REPORTING ENTITIES [1] | SUMMARY |
| Revenue | 9,461 | 2,692 | 12,153 | 9,302 | 2,507 | 11,809 |
| Expenditure | 9,386 | 2,469 | 11,855 | 9,226 | 2,408 | 11,634 |
| **Net Result for the Year** | 75 | 223 | 298 | 76 | 99 | 175 |
| Transfer to Debt Retirement Fund | (110) | 110 | - | (110) | 110 | - |
| Transfer from Fiscal Stabilization Fund | 37 | (37) | - | 37 | (37) | - |
| **Net Income** | 2 | 296 | 298 | 3 | 172 | 175 |

1 . This column includes consolidation impacts and the revenues and expenditures of other reporting entities.

# CORE GOVERNMENT

## SECOND QUARTER – ACTUAL TO ESTIMATE

The second quarter net result of expenditure exceeding revenue by $6.4 million was $93.0 million lower than the estimate of $99.4 million. Second quarter revenue was $5.3 million higher than estimated and second quarter expenditure was $87.7 million lower than estimated primarily as a result of differences in the timing of expenditures and receipts.

## SECOND QUARTER COMPARED TO PREVIOUS YEAR'S RESULTS

The net result for the second quarter was $51.8 million higher than for the same period last year. Total revenues were $270.3 million more than the same period last year, reflecting budgeted increases in both own source revenue and transfers from the Government of Canada.

Total expenditures were $218.6 million higher than the previous year. Program expenditures were $196.2 million higher, reflecting budgeted increases while debt servicing costs were $22.4 million higher primarily as a result of timing. The largest increases in program expenditures occurred in the departments of Health, Education, Citizenship and Youth and Family Services and Housing. As well, statutory election costs of $7.4 million were included in the second quarter program expenditures.

## SECOND QUARTER – CAPITAL INVESTMENT

Expenditures for tangible capital assets were $241.2 million, $38.3 million less than estimated at the end of the second quarter primarily due to the deferral of some components of the Manitoba Floodway Expansion to 2008/09 and timing variances for highway related activities. Total expenditures related to tangible capital assets were $98.7 million higher than the same period last year, primarily related to increased construction on provincial highways and roads and the Manitoba Floodway Expansion.

## DEBT/PENSION REPAYMENT

The 2007 Budget provides for a $110.5 million contribution to the Debt Retirement Fund. An allocation committee will determine the share of those funds directed to pension or general purpose debt. In the 2007 Budget, the allocation is $85.5 million to the pension liability and $25.0 million for general purpose debt.

## FISCAL STABILIZATION FUND

The fund is projected to have a balance of $655.1 million at the end of the fiscal year. The projected status of the Fiscal Stabilization Fund is provided on page 13.

## BORROWING ACTIVITY

Original estimate of borrowing requirements identified in the 2007 Budget were $2,946.2 million including refinancing of maturing debt, the funding of the Province's pension liability for the Teachers' Retirement Allowances Fund (TRAF), funding for Manitoba Hydro, Capital Investments, Health's capital programs and new self sustaining requirements. This requirement has decreased to $2,773.2 million as a result of lower capital requirements for Manitoba Hydro and other self sustaining programs.

At September 30, 2007 outstanding Provincial Borrowings, Guarantees and Obligations were $18,286.9 million, $1,720.2 million higher than the March 31, 2007 balance of $16,566.7 million, primarily reflecting the government's decision to borrow $1,500.0 to pay down a significant part of the unfunded Teachers' Retirement Allowances Fund pension liability.

## CORE GOVERNMENT
## STATEMENT OF REVENUE AND EXPENDITURE
## FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2007

(UNAUDITED)
($000s)

| | 2007/08 ACTUAL | Comparison to 2007/08 Estimate | Comparison to 2007/08 Variance | Comparison to 2006/07 Actual | Comparison to 2006/07 Variance |
|---|---|---|---|---|---|
| **Revenue** | | | | | |
| Own Source Revenue | **2,794,509** | 2,760,911 | 33,598 | 2,645,436 | 149,073 |
| Government of Canada | **1,649,462** | 1,677,754 | (28,292) | 1,528,223 | 121,239 |
| **Total Revenue** | **4,443,971** | 4,438,665 | 5,306 | 4,173,659 | 270,312 |
| **Expenditure** | | | | | |
| Program Expenditure | **4,313,885** | 4,426,283 | (112,398) | 4,117,729 | 196,156 |
| Debt Servicing | **136,517** | 111,805 | 24,712 | 114,123 | 22,394 |
| **Total Expenditure** | **4,450,402** | 4,538,088 | (87,686) | 4,231,852 | 218,550 |
| **Net Result Sepember 30, 2007** | **(6,431)** | (99,423) | 92,992 | (58,193) | 51,762 |
| Transfer to Debt Retirement Fund | - | - | - | - | - |
| Transfer from the Fiscal Stabilization Fund | - | - | - | - | - |
| **Net Income (Loss)** | **(6,431)** | (99,423) | 92,992 | (58,193) | 51,762 |

## CORE GOVERNMENT
## STATEMENT OF REVENUE
## FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2007

(UNAUDITED)
($000s)

| | 2007/08 ACTUAL | Comparison to 2007/08 Estimate | Comparison to 2007/08 Variance | Comparison to 2006/07 Actual | Comparison to 2006/07 Variance |
|---|---|---|---|---|---|
| **Taxation:** | | | | | |
| Finance | | | | | |
| - Individual Income Tax | **1,063,463** | 1,062,797 | 666 | 996,762 | 66,701 |
| - Corporation Income Tax | **156,058** | 151,104 | 4,954 | 188,600 | (32,542) |
| - Corporation Capital Tax | **87,112** | 83,820 | 3,292 | 83,965 | 3,147 |
| - Gasoline Tax | **66,237** | 64,274 | 1,963 | 65,284 | 953 |
| - Insurance Corporations Tax | **30,579** | 30,806 | (227) | 29,777 | 802 |
| - Land Transfer Tax | **26,454** | 22,444 | 4,010 | 21,525 | 4,929 |
| - Levy for Health and Education | **136,381** | 130,897 | 5,484 | 126,511 | 9,870 |
| - Mining Tax | **72,087** | 79,786 | (7,699) | 27,928 | 44,159 |
| - Motive Fuel Tax | **39,056** | 35,440 | 3,616 | 35,930 | 3,126 |
| - Retail Sales Tax | **576,195** | 564,325 | 11,870 | 531,420 | 44,775 |
| - Tax Administration and Miscellaneous Tax Act | **28,097** | 27,734 | 363 | 26,721 | 1,376 |
| - Tobacco Tax | **83,492** | 88,982 | (5,490) | 88,726 | (5,234) |
| - Other Taxes | **1,491** | 1,420 | 71 | 1,453 | 38 |
| | **2,366,702** | 2,343,829 | 22,873 | 2,224,602 | 142,100 |
| Science, Technology, Energy and Mines | | | | | |
| - Oil and Natural Gas Tax | **5,026** | 6,811 | (1,785) | 7,710 | (2,684) |
| | **2,371,728** | 2,350,640 | 21,088 | 2,232,312 | 139,416 |
| **Other Revenue:** | | | | | |
| Automobile and Motor Carrier Licenses and Fees | **50,908** | 50,547 | 361 | 50,963 | (55) |
| Justice | **21,189** | 21,504 | (315) | 18,962 | 2,227 |
| Water Power Rentals | **58,439** | 50,449 | 7,990 | 60,203 | (1,764) |
| Manitoba Lotteries Corporation | **137,000** | 137,000 | - | 133,000 | 4,000 |
| Manitoba Liquor Control Commission | **84,200** | 83,700 | 500 | 84,200 | - |
| Other Sources | **71,045** | 67,071 | 3,974 | 65,796 | 5,249 |
| | **422,781** | 410,271 | 12,510 | 413,124 | 9,657 |
| **Total Own Source Revenue** | **2,794,509** | 2,760,911 | 33,598 | 2,645,436 | 149,073 |

## CORE GOVERNMENT
## STATEMENT OF REVENUE
## FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2007

(UNAUDITED)
($000s)

| | 2007/08 ACTUAL | Comparison to 2007/08 Estimate | Comparison to 2007/08 Variance | Comparison to 2006/07 Actual | Comparison to 2006/07 Variance |
|---|---|---|---|---|---|
| **Government of Canada:** | | | | | |
| Equalization | **892,490** | 892,490 | - | 845,986 | 46,504 |
| Bill C-48 | **-** | - | - | 48,911 | (48,911) |
| Canada Health Transfer (CHT) | **403,514** | 403,514 | - | 385,024 | 18,490 |
| Canada Social Transfer (CST) | **170,470** | 170,470 | - | 166,060 | 4,410 |
| EcoTrust Fund | **53,820** | 53,820 | - | - | 53,820 |
| Child Care | **8,998** | 8,998 | - | 23,683 | (14,685) |
| Health Funds | **38,704** | 45,690 | (6,986) | 2,496 | 36,208 |
| Departments | | | | | |
| - Labour Market Agreements | **54,617** | 54,617 | - | 32,975 | 21,642 |
| - Other Agreements | **26,849** | 48,155 | (21,306) | 23,088 | 3,761 |
| **Total Government of Canada** | **1,649,462** | 1,677,754 | (28,292) | 1,528,223 | 121,239 |
| **Total Revenue** | **4,443,971** | 4,438,665 | 5,306 | 4,173,659 | 270,312 |

## CORE GOVERNMENT
## STATEMENT OF PART A - OPERATING EXPENDITURE
## FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2007

(UNAUDITED)
($000s)

| | 2007/08 ACTUAL | Comparison to 2007/08 | | Comparison to 2006/07 | |
|---|---|---|---|---|---|
| | | Estimate | Variance | Actual | Variance |
| Legislative Assembly | **21,046** | 21,416 | (370) | 13,412 | 7,634 |
| Executive Council | **1,582** | 1,618 | (36) | 1,610 | (28) |
| Aboriginal and Northern Affairs | **16,280** | 18,236 | (1,956) | 21,634 | (5,354) |
| Advanced Education and Literacy | **264,128** | 270,993 | (6,865) | 259,002 | 5,126 |
| Agriculture, Food and Rural Initiatives | **39,711** | 45,706 | (5,995) | 40,711 | (1,000) |
| Civil Service Commission | **2,649** | 2,823 | (174) | 2,153 | 496 |
| Competitiveness, Training and Trade | **40,560** | 46,159 | (5,599) | 41,681 | (1,121) |
| Conservation | **64,517** | 66,610 | (2,093) | 59,285 | 5,232 |
| Culture, Heritage, Tourism and Sport | **45,794** | 46,749 | (955) | 44,495 | 1,299 |
| Education, Citizenship and Youth | **691,503** | 693,257 | (1,754) | 643,618 | 47,885 |
| Employee Pensions and Other Costs | **36,787** | 35,948 | 839 | 34,531 | 2,256 |
| Family Services and Housing | **521,660** | 533,752 | (12,092) | 495,724 | 25,936 |
| Finance - Departmental Costs | **70,880** | 72,385 | (1,505) | 70,863 | 17 |
| Finance - Debt Servicing Costs | **136,518** | 111,805 | 24,713 | 114,123 | 22,395 |
| Health | **1,894,157** | 1,933,587 | (39,430) | 1,791,256 | 102,901 |
| Healthy Child Manitoba | **11,410** | 12,194 | (784) | 11,657 | (247) |
| Infrastructure and Transportation | **230,710** | 238,944 | (8,234) | 217,989 | 12,721 |
| Intergovernmental Affairs | **136,179** | 139,104 | (2,925) | 140,221 | (4,042) |
| Justice | **135,472** | 142,867 | (7,395) | 131,172 | 4,300 |
| Labour and Immigration | **17,016** | 21,119 | (4,103) | 14,298 | 2,718 |
| Manitoba Seniors and Healthy Aging Secretariat | **441** | 626 | (185) | 450 | (9) |
| Science, Technology, Energy and Mines | **42,903** | 43,460 | (557) | 41,651 | 1,252 |
| Water Stewardship | **12,077** | 13,572 | (1,495) | 13,165 | (1,088) |
| Enabling Appropriations | **804** | 1,872 | (1,068) | 833 | (29) |
| Other Appropriations | **15,619** | 23,286 | (7,667) | 26,318 | (10,699) |
| **Total Expenditure** | **4,450,402** | 4,538,088 | (87,685) | 4,231,852 | 218,550 |

## CORE GOVERNMENT
## STATEMENT OF PART B - CAPITAL INVESTMENT
## FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2007

(UNAUDITED)
($000s)

| | 2007/08 ACTUAL | Comparison to 2007/08 Estimate | Comparison to 2007/08 Variance | Comparison to 2006/07 Actual | Comparison to 2006/07 Variance |
|---|---|---|---|---|---|
| Legislative Assembly | - | - | - | 6 | (6) |
| Agriculture, Food and Rural Initiatives | - | - | - | - | - |
| Competitiveness, Training & Trade | 890 | - | 890 | - | 890 |
| Conservation | | | | | |
| General Assets | 292 | 603 | (311) | 790 | (498) |
| Infrastructure Assets | 2,461 | 4,755 | (2,294) | 2,348 | 113 |
| Total Conservation | 2,753 | 5,358 | (2,605) | 3,138 | (385) |
| Culture, Heritage, Tourism and Sport | - | 30 | (30) | - | - |
| Education, Citizenship and Youth | 151 | 151 | - | - | 151 |
| Family Services & Housing | 683 | 854 | (171) | 658 | 25 |
| Finance | 507 | 562 | (55) | - | 507 |
| Health | 190 | 200 | (10) | 60 | 130 |
| Infrastructure and Transporation | | | | | |
| General Assets | 27,620 | 40,140 | (12,520) | 12,505 | 15,115 |
| Infrastructure Assets | 206,387 | 227,313 | (20,926) | 123,081 | 83,306 |
| Total Infrastructure and Transportation | 234,007 | 267,453 | (33,446) | 135,586 | 98,421 |
| Justice | 295 | 441 | (146) | 288 | 7 |
| Science, Technology, Energy and Mines | 1,696 | 4,482 | (2,786) | 2,752 | (1,056) |
| Water Stewardship | 19 | - | 19 | 49 | (30) |
| **Total Capital Assets** | 241,191 | 279,531 | (38,340) | 142,537 | 98,654 |

## CORE GOVERNMENT
## STATEMENT OF PROVINCIAL BORROWINGS, GUARANTEES AND OBLIGATIONS
**September 30, 2007**
**(with comparative figures for March 31, 2007)**

(UNAUDITED)
($000s)

| | Canadian Dollar Valuation (Note 1) September 30, 2007 | Canadian Dollar Valuation (Note 1) March 31, 2007 | Increase (Decrease) September 30, 2007 over March 31, 2007 |
|---|---|---|---|
| **Provincial Borrowings Payable in:** | | | |
| Canadian Dollars | 15,009,107 | 13,661,521 | 1,347,586 |
| Issues Hedged to Canadian Dollars | 3,393,450 | 3,482,100 | (88,650) |
| U.S. Dollars | 1,896,009 | 2,194,026 | (298,017) |
| Issues Hedged to U.S. Dollars | 526,995 | 609,829 | (82,834) |
| **Subtotal Provincial Borrowings** | **20,825,561** | **19,947,476** | **878,085** |
| **Guarantees and Obligations Payable in:** | | | |
| Canadian Dollars | 1,238,243 | 1,406,776 | (168,533) |
| U.S. Dollars | - | - | - |
| **Subtotal Guarantees and Obligations** (Note 2) | 1,238,243 | 1,406,776 | (168,533) |
| Subtotal Provincial Borrowings, Guarantees and Obligations (Note 3) | 22,063,804 | 21,354,252 | 709,552 |
| Less: Sinking Fund Investments | (3,725,858) | (4,736,510) | (1,010,652) |
| Less: Debt Retirement Fund | (51,000) | (51,000) | - |
| **Total Provincial Borrowings, Guarantees and and Obligations Outstanding** (Note 4) | 18,286,946 | 16,566,742 | 1,720,204 |

**Note to Reader:**

Outstanding provincial borrowings will fluctuate during the fiscal year as a result of the timing of borrowing activities of the Province. While current accounting standards identify Net Debt as the best presentation of a government's financial position, certain valuations used in the calculation of Net Debt are not available on a quarterly basis. Net Debt is defined as total liabilities less the financial assets available to repay those liabilities. The Public Accounts for the year ended March 31, 2007 reflected Net Debt of core government operations (the operating fund) to be $8.3 billion (see Public Accounts, Volume 1, Page 107) and for the government reporting entity to be $10.4 billion (see Public Accounts, Volume 1, page 56).

## CORE GOVERNMENT
## STATEMENT OF PROVINCIAL BORROWINGS, GUARANTEES AND OBLIGATIONS
## September 30, 2007
## (with comparative figures for March 31, 2007)

**NOTES:**

1. The Canadian Dollar Valuation is calculated using the foreign currency exchange rates in effect at September 30, 2007 and at March 31, 2007. As at September 30, 2007, the U.S. dollar exchange rate was $0.9963 ($1.1529 at March 31, 2007).

2. Includes borrowings of Manitoba Hydro which has been guaranteed by the Province, Government Enterprises and other payables and third party debt of health care facilities.

3. Provincial Borrowings and Guarantees are payable in Canadian and U.S. dollars. As at September 30, 2007, total provincial borrowings and guarantees were payable 89% in Canadian dollars and 11% in U.S. dollars. Of this total, General Government Program borrowing and Other Crown Organizations borrowings was 100% payable in Canadian dollars. Manitoba Hydro borrowings was payable 67% in Canadian dollars (62% at March 31, 2007) and 33% in U.S. dollars (38% at March 31, 2007).

4. The above borrowings, guarantees and obligations were outstanding for the following purposes:

| | September 30, 2007 | | March 31, 2007 | |
|---|---|---|---|---|
| | ($ Thousands) | ($ Per Capita) (Note 5) | ($ Thousands) | ($ Per Capita) (Note 5) |
| Government Programs - General | 6,530,474 | 5,503 | 6,564,303 | 5,547 |
| Government Programs - TRAF (Note 6) | 1,500,000 | 1,264 | - | - |
| Manitoba Hydro | 6,724,000 | 5,666 | 6,636,123 | 5,608 |
| Capital Investments | 957,249 | 807 | 749,221 | 633 |
| Health Facilities | 827,219 | 697 | 780,219 | 659 |
| Government Enterprises and Other (Note 7) | 533,152 | 449 | 533,152 | 451 |
| Other Crown Organizations | 1,214,852 | 1,024 | 1,303,724 | 1,102 |
| | 18,286,946 (Note 8) | 15,410 | 16,566,742 | 14,000 |

5. Per Capita data is based upon population figures at July 1, 2007 and April 1, 2007 as reported by Statistics Canada.

6. On October 1, 2007, the government will make a contribution of $1,002 million to the Teachers' Retirement Allowances Fund (TRAF). This contribution, together with the initial contribution of $500 million on April 2, 2007 will reduce the government's net pension liability for TRAF from $1,922 million to $420 million.

7. Includes debentures issued by school boards and hospitals which are held by government enterprises, amounts owed to the federal government and other long term loans payable to government enterprises.

8. Provincial borrowings, guarantees and obligations increased by $1,720.2 million. Increases in borrowings was primarily due to the funding of the Province's contribution to its liability for TRAF, funding of capital programs including, Manitoba Hydro and Health Facilities borrowings. The increases in borrowings were offset by matured General Government program borrowings which have not yet been refinanced, the impact of a stronger Canadian dollar and an increase in Manitoba Hydro's sinking fund contribution. Manitoba Hydro's U.S. dollar revenues are sufficient to pay the interest and principal on all outstanding U.S. dollar borrowings.

9. Manitoba's net general purpose debt to GDP ratio is projected to be 13.7% in 2007/08, down from 14.7% in 2006/07 and from 20.9% in 1999/2000. GDP data reflects the latest information available from Manitoba Bureau of Statistics.

## DEBT RETIREMENT FUND
## PROJECTION FOR THE YEAR ENDING MARCH 31, 2008
## (with comparative figures for March 31, 2007)
($000s)

| | 2007/08 Projection [1] | 2006/07 Actual [2] |
|---|---|---|
| **Fund Balance, Beginning of Year** | 51,000 | 25,000 |
| Contribution | 110,495 | 110,495 |
| Interest | 2,000 | 1,000 |
| Transfer to Pension Assets Fund | (85,495) | (85,495) |
| **Fund Balance, End of Year** | 78,000 | 51,000 |

**Notes:**
(1) Based on projection included in the 2007 Budget.
(2) Based on 2006/07 Public Accounts.

## PENSION ASSETS FUND
## PROJECTION FOR THE YEAR ENDING MARCH 31, 2008
## (with comparative figures for March 31, 2007)
($000s)

| | 2007/08 Projection [1] | 2006/07 Actual [2] |
|---|---|---|
| **Fund Balance, Beginning of Year** | 699,264 | 536,986 |
| **Contributions:** | | |
| Teachers' Retirement Allowances Fund[3] | 1,502,000 | - |
| Debt Retirement Fund [4] | 85,495 | 85,495 |
| Net Investment Earnings | 89,000 | 66,545 |
| Current Service Contributions | 79,300 | 10,238 |
| | 1,755,795 | 162,278 |
| **Transfers** | | |
| Teachers' Retirement Allowances Fund Pension Payments[3] | (134,000) | - |
| **Fund Balance, End of Year** | 2,321,059 | 699,264 |

**Notes:**

(1) Based on YTD earnings and contributions (extrapolated to March 31, 2008).
(2) Based on 2006/07 Public Accounts.
(3) Reflects the impact of the government's decision to fund 75% of the employer's liability.
(4) Based on projection included in the 2007 Budget.

## FISCAL STABILIZATION FUND
## PROJECTION FOR THE YEAR ENDING MARCH 31, 2008
## (with comparative figures for March 31, 2007)
($000s)

| | 2007/08 Projection | 2006/07 Actual [2] |
|---|---|---|
| **Health Programs** | | |
| Fund Balance, Beginning of Year | 175,195 | 202,411 |
| Interest Earnings | 5,981 | 7,856 |
| Wait Time Reduction [1] | (37,000) | (27,419) |
| Other Health Related Programming | - | (7,653) |
| Fund Balance, End of Year | 144,176 | 175,195 |
| **General Programs** | | |
| Fund Balance, Beginning of Year | 487,955 | 329,576 |
| Interest Earnings | 21,117 | 12,792 |
| Recovered from Health Programs | | |
| - Wait Time Reduction Programming | - | 27,419 |
| - Other Health Related Programming | - | 7,653 |
| Year-end Core Government Result [1] | 1,815 | 110,515 |
| Fund Balance, End of Year | 510,887 | 487,955 |
| **Total Fund Balance, End of Year** | **655,063** | **663,150** |

**Notes:**
(1) Based on second quarter projections.
(2) Based on 2006/07 Public Accounts.

Manitoba
spirited energy